

# COMMUNICATIONS ADVISORY COUNSEL LLC

2154 Wisconsin Avenue N.W.  
Washington, D.C. 20007

Tel. 202-333-1770  
Fax 202-333-5274

**Stephen G. Kraskin**  
[skraskin@Independent-Tel.com](mailto:skraskin@Independent-Tel.com)

August 5, 2011

**Via Electronic Filing**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Presentation In the Matter of Connect America Fund WC Docket No. 10-90; A National Broadband Plan for Our Future GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers WC Docket No. 07-135; High-Cost Universal Service Support WC Docket No. 05-337; Developing an Unified Intercarrier Compensation Regime CC Docket No. 01-92; Federal-State Joint Board on Universal Service CC Docket No. 96-45; Lifeline and Link-Up WC Docket No. 03-109**

Dear Ms. Dortch:

On August 4, 2011, Keith Oliver, Vice President of Home Telephone Company, Diane Smith, on behalf of the Rural Broadband Alliance (“RBA”) and I, on behalf of both the Rural Independent Competitive Alliance (“RICA”) and the RBA, met with Angela Kronenberg and Louis Peraertz, Legal Advisors to Commissioner Clyburn. The purpose of our meeting was to discuss concerns related to the “ABC Plan” that was filed in the above-referenced proceedings on July 29, 2011, and is addressed in the Further Inquiry issued by the Commission on August 3, 2011.

We discussed our concerns that the USF targeted for rural rate-of-return carriers under the ABC Plan is insufficient to maintain and advance universal service in the rural areas served by rural rate-of-return carriers. We indicated our understanding that the ABC Plan proposal is contrary to statutory requirements, and that the implementation of the proposal in conjunction with the “RLEC Plan” (referenced in the August 3 Notice of Further Inquiry) effectively prevents rural rate-of-return carriers from having an opportunity to recover even their established lawful expenses without raising basic consumer rates to inordinate levels.

We also addressed how the ABC Plan’s proposed “right of first refusal” to determine the distribution of USF for network support in areas served by non-rural price-cap regulated telephone companies is inconsistent with the statutory requirements of Section 214 of the Communications Act, and disregards the specific statutory role of state public service commissions in the designation of eligible telecommunications carriers. Moreover, the ABC Plan proposal to distribute universal service funds to unserved and underserved census blocks on a wire center basis, together with the

**August 5, 2011**

**Page 2**

ABC Plan's "right of first refusal" proposal, acts adversely to the public interest by discouraging the opportunity for rural rate-of-return carriers to utilize their networks to provide universal service in nearby unserved and underserved areas where price-cap regulated companies serve as the incumbent local exchange carrier.

We also discussed RICA's long-held position that the "Identical Support" rule should be promptly eliminated and that the support levels of all ETCs should be based upon their individual costs irrespective of the identity of the carrier, the technology it utilizes, or the area it serves. For all providers of fixed universal service, costs should be determined under the same rules as those applicable to rural rate-of-return carriers in order to ensure that the Commission can distribute universal service funding on a sustainable and predictable basis.

We next addressed the fact that both rural incumbent carriers and rural CLECs have relied on access charges, consistent with established Commission policy, to recover a reasonable portion of the costs of deployment of advanced network infrastructure in high-cost-to-serve rural areas. We noted that on the basis both legal and policy considerations, the access rates of both rural incumbents and rural CLECs should not be reduced without commensurate consideration of established cost recovery requirements. We also suggested that issues related to intrastate access charges can and should be addressed without the assertion of state preemption.

Mr. Oliver, Ms. Smith and I identified two critical concerns and objectives of rural incumbent rate-of-return carriers and their affiliated rural CLECs: the opportunity to recover the substantial investments that have been made under the current rules; and obtaining clarity as to the future rules so that they may know what investments may be prudently made. We noted that the specific proposals set forth in these proceedings by the RBA, with respect to rural rate-of-return incumbent carriers, and by RICA, with respect to competitive carriers serving rural high cost areas, would achieve these objectives in a manner consistent with the principles and objectives established by the Commission. We expressed our disappointment and concern that no consideration was afforded to these specific proposals in the August 3 Notice of Further Inquiry.

In contrast to the fact-based and actual cost-supported proposals of both the RBA and RICA, the proposed ABC Plan: dramatically reduces rural rate-of-return carrier cost recovery without any basis; places rural companies in financial jeopardy, stifling rural infrastructure investment and resulting in job loss in the areas of rural America served by the rural rate-of-return carriers; and rewards access users with millions of dollars of expense savings realized from diminishing access rates, but provides for no commensurate benefits for the rural consumers.

I am filing this letter electronically with your office for inclusion in the record of each of the above-referenced proceedings pursuant to the Commission's Rules. If you have any questions, please do not hesitate to contact me at 202-333-1770.

Sincerely,

s/ Stephen G. Kraskin

cc: Angela Kronenberg and Louis Peraertz